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Japan - Commerce Tr. II

DEPARTMENT OF STATE

Memorandum of Conversation

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DATE:

September 22, 1954

SUBJECT:

Singer Proposal for Investment in Japan.

PARTICIPANTS:

Donald P. Kircher, Singer Manufacturing Company
Alvin K. Aurell, Vice President, Singer Sewing Machine Co.
FE - Mr. Baldwin
NA - Mr. White
NA - Mr. Fraleigh

COPIES TO:

FE (cc)
MD (cc)
OLI (cc)(2)
CP (cc)
Commerce (cc)
American Embassy, Tokyo
NA (cc)(3)

DEPARTMENT OF STATE A/CDC/MR.	
REVIEWED BY <i>[Signature]</i>	DATE 9-28-82
RDS ☐ or XDS ☐ EXT. DATE	
TS AUTH.	REASON(S)
ENDORSE EXISTING MARKINGS	☐
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The two Singer representatives came in to explain the Singer proposal for investment in Japan in anticipation that the proposal would be discussed by officers of the Department with the Japanese Finance Minister during his visit here. They identified themselves as the men who had worked out the contractual arrangements with the Japanese company in which Singer would be investing. They presented a memorandum, dated September 22, 1954, a copy of which is attached, which was read while they were present. They said that they had received full support from the Embassy in Tokyo in their efforts to secure approval of the investment proposal by the Japanese Government.

Mr. Whitadinger said that we had some questions concerning the effect of a Japanese refusal to approve the investment proposal and the applicability of FCN treaty provisions to such action by the Japanese Government. He said that we wanted to understand whether, if the Japanese refused to "validate" the Singer proposal, Singer would still be permitted to make its investment even though it would have to forgo any guarantee of convertibility of its earnings. Mr. Kircher said that the object of their application for validation was to secure the guarantee of convertibility. He believed, however, that if the application were denied, Singer would not be permitted to purchase the stock of the Japanese company, at least for the limited period provided in the FCN treaty during which Japan may continue to restrict purchases of shares by aliens in Japanese enterprises. Mr. Fraleigh said that permission granted in the FCN treaty to Japan to continue restrictions on purchases of shares for a limited period applied only to purchases with yen, of outstanding shares. Since Singer did not propose to purchase outstanding shares, nor to purchase with yen, he thought the Japanese would be obliged under the FCN treaty to permit the Singer stock purchase.

Mr. Baldwin

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Mr. Baldwin said that we would raise the issue of the Singer proposal with Mr. Ogasawara at a meeting on the following day. We wanted to make clear to Mr. Ogasawara that the Department fully supported the efforts of the Embassy to secure favorable treatment for American investment in Japan. He said we would stress the desirability of such investment rather than any technical legal argument. Mr. Baldwin said that he appreciated receiving the statement of the Singer position and that we would let the Singer representatives know the results of our talks with Mr. Ogasawara.

FB:NA:CAFraleigh:mg
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